

FINANCE

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EXECUTIVE ROUTING

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Executive Routine

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Abraham Lincoln's Executive Routine

Finance

Excerpts from newspapers and other sources

From the files of the
Lincoln Financial Foundation Collection

THE
NATIONAL HAND-BOOK
OF
AMERICAN PROGRESS.

A READY REFERENCE MANUAL
OF
FACTS AND FIGURES,
FROM THE DISCOVERY OF AMERICA TO THE PRESENT TIME.

HISTORICAL,
BIOGRAPHICAL,
STATISTICAL,

DOCUMENTARY,
FINANCIAL,
POLITICAL.

EDITED BY BISHOP E. O. HAVEN, D.D., LL.D.,
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Arbor) State University.

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1881.

CABINET OFFICERS, 13TH ADM.—1857–1861.

Secretaries of State—Lewis Cass, Mich.; Jeremiah S. Black, Pa.

Secretaries of the Treasury—Howell Cobb, Ga.; Philip F. Thomas, Md.; John A. Dix, N. Y.

Secretaries of War—John B. Floyd, Va.; Joseph Holt, Ky.

Secretary of the Navy—Isaac Toucy, Conn.

Secretary of the Interior—Jacob Thompson, Mississippi.

Postmasters-General — Aaron V. Brown, Tenn.; Joseph Holt, Ky.; Horatio King, Me.

Attorneys-General—Jeremiah S. Black, Pa.; Edwin M. Stanton, Pa.

NATIONAL EXPENSES AND DEBT, 13TH ADMINISTRATION

<i>Year.</i>	<i>Expenses.</i>	<i>Debt.</i>
1857	\$71,274,587	\$29,060,386
1858	82,002,186	44,910,777
1859	83,678,643	58,754,699
1860	77,055,125	64,769,703

IMPORTS AND EXPORTS, THIRTEENTH ADMINISTRATION.

<i>Year.</i>	<i>Imports.</i>	<i>Exports.</i>
1857	\$362,890,141	\$362,960,608
1858	282,613,150	324,644,421
1859	338,768,130	356,789,641
1860	362,162,541	400,122,296

CABINET OFFICERS, 14TH ADMINISTRATION—1861—1869.

Secretary of State.—William H. Seward, N. Y.

Secretaries of the Treasury.—Salmon P. Chase, Ohio; William Pitt Fessenden, Me.; Hugh McCulloch, Ind.

Secretaries of War.—Simon Cameron, Pa.; Edwin M. Stanton, Pa.; Ulysses S. Grant, Ill.; John M. Schofield, Mo.

Secretary of the Navy.—Gideon Wells, Conn.

Secretaries of the Interior.—Caleb B. Smith, Ind.; John P. Usher, Ind.; James Harlan, Iowa; O. H. Browning, Ill.

Postmasters-General.—Montgomery Blair, Md.; William Dennison, Ohio; Alex. W. Randall, Wis.

Attorneys-General.—Edward Bates, Mo.; James J. Speed, Ky.; Henry Stanberry, Ohio; William M. Evarts, N. Y.

NATIONAL EXPENSES AND DEBT, 14TH ADMINISTRATION.

<i>Year.</i>	<i>Expenses.</i>	<i>Debt.</i>
1861	\$ 85,387,313	\$ 90,867,828
1862	570,841,700	514,211,371
1863	805,796,630	1,098,796,181
1864	1,298,144,656	1,740,690,489
1865	1,897,674,224	2,682,593,026
1866	1,141,072,666	2,783,425,879
1867	1,093,079,655	2,692,199,215
1868	1,069,889,970	2,636,320,964

IMPORTS AND EXPORTS, 14TH ADMINISTRATION.

<i>Year.</i>	<i>Imports.</i>	<i>Exports.</i>
1861	\$286,598,135	\$243,971,277
1862	275,357,051	229,938,985
1863	252,919,920	322,359,254
1864	329,562,895	301,984,561
1865	234,339,810	336,697,123
1866	445,512,158	550,684,299
1867	411,733,309	438,577,312
1868	373,400,448	454,301,713

The "Skeered" Merchants.

Chauncey M. Depew tells a story of Lincoln which illustrates this quality which enabled him to appear at ease, and also to demonstrate his mastery when in the presence of great men. It was at the time that the ironclad Merrimac was being built. The story was that she should sail upon the ocean and into the harbor of New York and either bombard the city or exact enormous tribute. A committee of New York merchants appointed by the chamber of commerce was sent to Washington to implore Mr. Lincoln to do something to protect New York harbor. He received them courteously, but there was a very grave expression on his face as he listened to the spokesman. That man said: "Mr. Lincoln, we represent hundreds of millions of property. New York is practically defenseless. If the Merrimac comes into our harbor, it can ruin us, and we implore you at once to take measures to give us defense."



C. M. DEPEW.

For a minute or two Mr. Lincoln did not reply. He knew the government was straining every nerve to prevent depredations by the Merrimac. It could do nothing more. It seemed for an instant as though there were a suggestion of anger in his glance, but if he had that impulse he subdued it. That quaint smile which anticipated a humorous story came to his face, and he said: "Well, gentlemen, I think if I had as many millions at peril as you say you have, and I was as 'skeered' as you seem to be about the coming of the Merrimac, instead of coming down here and making speeches about it I would go home and spend some of those millions in making defenses myself." And that was all he said to them. The New York merchants were amazed, and yet as they went away they confessed that common sense was in his humorous advice, and they also confessed their sense of the mastery of this man.

His Simplicity at Great Moments.

Thurlow Weed in his old age was full of anecdotes which he was fond of telling to illustrate that simplicity of greatness which characterized Lincoln perhaps in a higher degree than any other man that astute politician, Weed, ever met. Weed was fond of telling one which suggested strikingly that quality of simplicity. On the day that the Chicago convention nominated Lincoln, he went to the office of the local newspaper in Springfield and



THURLOW WEED. sat there with his friends, his long legs extended and supported by a chair, his manner cooler than that of any man in the room, while he chatted and told stories with such delicious abandon as would have suggested that he was the least concerned of any man in the United States in the mighty events at Chicago.

A telegraph operator while this chatting was going on wrote upon a slip of paper a message which had just been ticked over the wire. These were the words, "Mr. Lincoln, you have just been nominated for president." Lincoln took the slip, unfolded it, read it through slowly and then passed it to some of his friends. They arose to congratulate him, and after a moment he said: "There is a little woman down at my house who I think would be glad to hear this news, and I guess I'll go and tell her." And with that informality and strange simplicity he carried the message to his wife.

Weed Meets His Match.
"I learned this story a few days later. When I went to Springfield," said Mr. Weed while chatting one evening. "After Lincoln was nominated I was so greatly disappointed that I first thought of making a trip to the far west. Then I hesitated. I said: 'I should like to see this man who has been brought up on the prairies of Illinois, and who has beaten our idol, Seward. I should like to fathom him and find out how much the party has got to fear for its success in his candidacy.' So I decided to go to Springfield and spend a few hours with the candidate. I had no doubt at all that after an hour's chat with him I could read him through like a book. I had never met a man before out of whom I was not able to pump the mysteries of his character."

"Well, I went to Springfield and was received very cordially by Mr. Lincoln. I began to talk with him and to ask him questions. I spent two hours with him, and when I came away I said to myself, 'Thurlow Weed, that is the first man you have ever met who was too much for you.' He pumped everything out of me, and I got nothing in return."

"Well, I went away and told my friends that there was one thing they need not have any fears about. This man, if he was bred in a country town, knew enough to keep his own counsels, and they might be sure that he would say or do nothing during the campaign that would imperil the canvass. I knew that if I could not handle him it was not likely that any other politician in our party would be able to do so. His self-reliance, his intellectual quickness and his insight into other men's motives were something marvelous, and I was ready to admit that the party had made no mistake in selecting this man whom we thought a green countryman as its candidate."

W. H. SEWARD.

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W. H. SEWARD.

"After his election I went to see him again to talk with him about his cabinet and his measures. He then told me that he expected to ask Mr. Seward to become secretary of state and Mr. Chase secretary of the treasury. But that was all the positive information I could get out of him. I saw that he understood the public men of the country just as well as I did, although most of them he had never seen. He had an understanding of men's character as intuitive as a woman's. He played with me, and that was a new experience, for I had been accustomed to play with others, and I realized that this man was the master of the politicians in his party."

At the Head of the Table.

Mr. Weed used to tell the story of how Mr. Lincoln demonstrated to his cabinet that where he sat was the head of the table. When his cabinet met there was no man of them who had not been more conspicuous than Lincoln up

to the time of his nomination. There was Seward, the idol of the Whigs and the eastern Republicans, a very great man. There was Chase, of commanding intellect; there were Cameron and Blair and Bates, all of them justly esteemed great men, and there is no doubt that each of them expected to dominate this man who was their president. Such at least was Mr. Weed's opinion.

"Seward tried it first," said Weed, "and no one else followed his example. He brought into the cabinet with him a paper in which he had set forth a certain policy which he thought Lincoln ought to pursue, and in which he in effect informed Lincoln that he would take it upon himself to see that policy carried out. It was a test moment. Had Lincoln yielded his cabinet would have been his master, but with a queer mannerism—half humorous, half serious—he read the paper through, struck out Mr. Seward's recommendations, thanked him for his consideration, and in that moment and motion this assembly of great men realized that the obscure lawyer was to be president not only in name, but in fact. Never did a ruler so completely and yet so gently master his cabinet or council."

The New York Bankers and Lincoln.

Mr. George S. Coe, one of the great bankers of New York, in speaking of Lincoln not long ago, said that his capacity to suggest without offense his mastery over men and measures was strikingly demonstrated to a representative body of New York bankers early in Lincoln's administration. These bankers had, after a secret meeting in which Secretary Chase had most earnestly and anxiously declared that the need of the federal government was not men, but

D. D. FIELD. money—gold to pay the expenses necessary to arm and equip and feed the soldiers—agreed to raise \$50,000,000 in gold and lend it to the government, and when they did this Lincoln said that it was equal in its moral effect to the raising of an army of



D. D. FIELD.

money—gold to pay the expenses necessary to arm and equip and feed the soldiers—agreed to raise \$50,000,000 in gold and lend it to the government, and when they did this Lincoln said that it was equal in its moral effect to the raising of an army of

500,000 men. Then they raised another \$50,000,000, and for the third time did the same thing. Lincoln therefore had a very cordial regard for these New York bankers and never tired of speaking in words of praise of these things which they had done.

Something occurred in congress or else some financial measure was under consideration which did not meet the views of the New York bankers. They wanted a change in the law, and they regarded it as of vital interest that Mr. Lincoln's support should be given to their views. So they named a committee, and there were men upon it who had the power of raising millions, and who had won great fame for achievements that they had made as bankers. They went to Washington. Lincoln received them in his library. He had never earned over \$3,000 a year. He was only worth when he took the presidency about \$4,000 in cash and his house in Springfield, worth about \$4,000 more. He had said a year before that if he could gain a fortune of \$20,000 he would be content, for it would be sufficient for his old age, and he was now in the presence of men some of whom had made as much as \$20,000 in a week.

In the presence of great wealth even great politicians are likely to be somewhat subdued in manner. Lincoln was as easy with these men as though they had been clowns of his in his old law office in Springfield. He swung his long legs over the arms of his chair and then asked them to state their opinion. He heard patiently as they talked learnedly of stocks and bonds and markets and so. After they were all through and while waiting his answer he arose and with some seriousness of manner said:



WENDELL PHILLIPS.

"Gentlemen, ever since I have come into this office I have heard a great deal about *feenance*. Men come here and talk to me by the hour about *feenance* and about *feenancial* policy. I hear one side and then I hear the other, just as I have heard you this morning, and now I'll tell you what my conclusion is. I don't understand anything about this matter of *feenance*, and I don't think anybody else does either. Chase says he does. You'd better go and talk with him. But if you get talking *feenance* with him or with congress you're going to get all mixed up. This country is rich enough to pay all our bills, and to pay back with interest the money that we borrow, and that is my *feenancial* creed."

Thus he dismissed the bankers, and while they thought his doctrine crude, yet they admitted that it was in essence sound.

What Wendell Phillips Said.

Wendell Phillips, agitator, imprecator and possessed of the most dazzling and fascinating rhetorical eloquence that ever graced the English tongue, went to Washington to see Lincoln, and coming home met George William Curtis. Said Curtis, "Well, Mr. Phillips, what do you think of G. W. CURTIS. Lincoln?" "I'll tell you, Curtis. Lincoln seems to move a little slow, but he always gets there."



This was an anecdote Curtis was fond of telling, having repeated it to a gentleman only a few weeks before his death.

E. JAY EDWARDS II

LINCOLN LORE

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LINCOLN AND FINANCE

The fact that the National Bank came into being during the administration of Abraham Lincoln, makes it timely to submit excerpts from some of his addresses and messages, relating to different systems of finance.

The first recorded speech of Lincoln was made in 1832 when he was but twenty-three years of age and a candidate for the Illinois legislature. Five years later, while a member of that body, he took his first significant stand on the bank question and, but two years after that, addressed the Assembly on the sub-treasury question.

All of these efforts made before he had reached thirty years of age indicates he had given some thought to finance. It is not strange that there should grow up under his administration in later years a national banking system.

BANK SPEECH—1837

"I make the assertion boldly, and without fear of contradiction, that no man who does not hold an office or does not aspire to one has ever found any fault with the bank. It has doubled the prices of the products of their farms, and filled their pockets with a sound circulating medium, and they are all well pleased with its operations....

"I am by no means the special advocate of the Bank. I have long thought that it would be well for it to report its condition to the General Assembly, and that cases might occur when it might be proper to make an examination of its affairs by a committee. Accordingly, during the last session, while a bill supplemental to the Bank charter was pending before the House, I offered an amendment to the same, in these words: 'The said corporation shall, at the next session of the General Assembly, and at each subsequent General Session, during the existence of its charter, report to the same the amount of debts due from said corporation; the amount of debts due to the same; the amount of specie in its vaults; and an account of all lands then owned by the same; and the amount for which such lands have been taken; and moreover, if said corporation shall at any time neglect or refuse to submit its books, papers, and all and everything necessary for a full and fair examination of its affairs, to any person or persons appointed by the General Assembly, for the purpose of making such examination, the said corporation shall forfeit its charter.'"

SUB-TREASURER SPEECH—1839

"Any person who will reflect that money is only valuable while in circu-

lation, will readily perceive that any device which will keep the government revenues in constant circulation, instead of being locked up in idleness, is no inconsiderable advantage....

"When one hundred millions, or more, of the circulation we now have shall be withdrawn, who can contemplate without terror the distress, ruin, bankruptcy, and beggary that must follow.... It may be said that what the debtor loses the creditor gains by this operation; but on examination this will be found true only to a very limited extent. It is more generally true that all lose by it—the creditor by losing more of his debts than he gains by the increased value of those he collects; the debtor by either parting with more of his property to pay his debts than he received in contracting them, or by entirely breaking up his business, and thereby being thrown upon the world in idleness....

"The general distress thus created will, to be sure, be temporary, because whatever change may occur in the quantity of money in any community, time will adjust the derangement produced; but while that adjustment is progressing, all suffer more or less, and very many lose everything that renders life desirable. Why, then, shall we suffer a severe difficulty, even though it be but temporary, unless we receive some equivalent for it?"

MESSAGE TO THE HOUSE OF REPRESENTATIVES—1862

"That Congress has power to regulate the currency of the country can hardly admit of a doubt and that a judicious measure to prevent the deterioration of this currency by a reasonable taxation of bank circulation or otherwise is needed seems equally clear. Independently of this general consideration, it would be unjust to the people at large to exempt banks enjoying the special privilege of circulation from their just proportion of the public burdens.

"In order to raise money by way of loans most easily and cheaply, it is clearly necessary to give every possible support to the public credit. To that end, a uniform currency in which taxes, subscriptions to loans, and all other ordinary public dues as well as all private dues may be paid, is almost if not quite indispensable. Such a currency can be furnished by banking associations organized under a general act of Congress, as suggested in my message at the beginning of the present session. The securing of this circulation by the pledge of United States bonds, as therein suggested, would still further facilitate loans by increasing the present and causing a future demand for such bonds."

ANNUAL MESSAGE TO CONGRESS—1862

"The suspension of specie payment by the banks, soon after the commencement of your last session, made large issues of United States notes unavoidable. In no other way could the payment of the troops and the satisfaction of other just demands be so economically or so well provided for. The judicious legislation of Congress, securing the receivability of these notes for loans and internal duties and making them a legal tender for other debts, has made them a universal currency, and has satisfied, partially at least, and for the time, the long-felt want of a uniform circulating medium, saving thereby to the people immense sums in discounts and exchanges....

"A return to specie payments, however, at the earliest period compatible with due regard to all interests concerned, should ever be kept in view. Fluctuations in the value of currency are always injurious, and to reduce these fluctuations to the lowest possible point will always be a leading purpose in wise legislation. Convertibility—prompt and certain convertibility—into coin is generally doubtful whether a circulation of United States notes, payable in coin, and sufficiently large for the wants of the people, can be permanently, usefully, and safely maintained."

ANNUAL MESSAGE TO CONGRESS—1864

"The national banking system is proving to be acceptable to capitalists and to the people. On the twenty-fifth day of November, 584 national banks had been organized, a considerable number of which were conversions from State banks. Changes from State systems to the national system are rapidly taking place, and it is hoped that very soon there will be in the United States no banks of issue not authorized by Congress, and no bank note circulation not secured by the government. That the government and the people will derive great benefit from this change in the banking systems of the country, can hardly be questioned. The national system will create a reliable and permanent influence in support of the national credit, and protect the people against losses in the use of paper money. Whether or not any further legislation is advisable for the suppression of State bank issues, it will be for Congress to determine. It seems quite clear that the treasury cannot be satisfactorily conducted unless the government can exercise a restraining power over the bank note circulation of the country."

Lincoln's Views

An authority on Lincolniana bends the light of the former President's writings through a literary prism and makes an application to our times.

By Ralph G. Lindstrom
Written for The Christian Science Monitor

On Government

ABRAMHAM LINCOLN lived and gave his human life to preserve a government which was created to foster free enterprise, individual initiative, and genuine equality.

Today free enterprise and individual initiative are under attack. They have been under attack for a generation—by Hitler's nazism, Mussolini's fascism, and by Soviet communism. These aggressive systems, and even the means deemed necessary to combat them, tend to obscure and even to endanger all that Lincoln fought to preserve.

Was Lincoln mistaken? Did he and the constitutional fathers merely dream idle dreams? Can such freedoms survive the stress and strain of today's East-West conflict?

Even in his day some charged Lincoln with presidential practices in complete contradiction of his political professions.

Our purpose here is to see what Lincoln actually fought for. His civic concept included:

Free Enterprise

Lincoln wrote a text for free enterprise. It is in one of those precious and priceless fragments found in his files and written in his own hand. Sometimes they were unspoken reflections—a sort of "alone with God" testing and tasting of great civic considerations. Others found their way into his speeches.

In one such fragment Lincoln considered why America enjoyed increasing prosperity. He first asked himself: What was "the primary cause of our great prosperity?" Was it the combination of our "Constitution and the Union"? This was digging deep. These were basic documents of highest importance in the Lincolnian concept of our federal Union.

Yet Lincoln dug deeper: "There is something back of these, entwining itself more closely about the human heart. That something is the principle of 'liberty to all'—the principle that clears the path for all—gives hope to all—and, by consequence, enterprise and industry to all."

'Clears the Path for All'

Enterprise and industry, through paths open to all, are no mere bases for slogans for class-conscious extremes, leftist or rightist. Such a system offers no Utopia to the radical of the left. It promises no unearned good. It "clears the path for all—gives hope to all." Hope of something for nothing? For unearned good? No, its gift is genuine good. It gives opportunity to achieve, and gives it to all. It does not even promise supply itself; it gives the basis for supply, limited only by the degree of enterprise and work. Its opportunity is for everyone, everywhere—that is, for everyone willing to work and achieve.

Here is no proletarian promise of ease to one class at the expense of another class. It urges no ascendancy of any class over any other class. And the consequence must ever be the blessings of good to any and every man in the degree of his "enterprise and industry." This American free enterprise is as soundly and rightly tough-minded as the challenge of Sir Winston Churchill's "blood, sweat, and tears." Free men are willing to accept such challenges.

But, neither does Lincoln's text justify any rightist extreme. Four times in that short text he tells himself that good is for all. National and universal prosperity will be attained and retained exactly to the extent that it is kept open to all. Cleared paths, and dynamic hope entwining the human heart, inspire men under free enterprise to their greatest achievements. Lincoln never forgot that prosperity could only be as widespread and as permanent as the universality of its well-based hope and clear paths.

Warning to Right and Left

Pondering further, Lincoln rejected anything less than universal opportunity. He recognized that Americans could have declared independence without that principle of universality; but "without it, we could not, I think, have secured our free government, and consequent prosperity." And why? He answered: "No oppressed people will fight, and endure, as our fathers did, without the promise of something better, than a mere change of masters."

This is not only a warning to a class-conscious right; it is also the complete answer to the siren call of enslaving communism, which promises abundance as the reward for surrendered freedom.

Suffice it to summarize here by saying that the government Lincoln fought for accepts neither hestridden nor bestriding class. He would not surrender freedom of enterprise for promised prosperity by a totalitarian state. Also, he warned those "who toil up from poverty" to "beware of surrendering a political power . . . which, if surrendered, will surely be used to close the doors of advancement against such as they, and to fix new disabilities and burdens upon them, till all liberty shall be lost."

Individual Initiative

Isn't that the same as free enterprise? Not quite. It can be more closely related to what governments should not do, as well as to what they should do. It is one thing to be free and enterprising in competition with other men. It is another thing to keep people free from state competition.

State business takes its capital from the people with whom it competes. It obtains its capital by taxation. So we next follow Lincoln into consideration of how man may be kept free from unnecessary restraints imposed by, and improper competition of, his government; how he should be kept free to reap the proper fruits of his individual initiative.

In Lincoln's first message to Congress, we find him asking whether men would struggle as hard to preserve freedom under our Federal Union, as they did to establish it.

He went on to observe that under our system, people were neither to be debased by other people nor by government. This was no government over people without voice as to what that government should do. It is, observed Lincoln, a "We, the people" government. "This is essentially a people's contest."

Was he thinking through something new? No, indeed! He must have been reaching back into his mental inventory for another fragment on government, which he probably wrote in 1854. That long before, he asked himself another question: what is "the legitimate object of government"? He told himself that "government is a combination of the people of a country to effect certain objects by joint effort." But then he was troubled. He saw governments, even those "best framed and best administered" as "expensive" (what would he say today?), "onerous . . . and some of them very oppressive." Why, then, "have government"? Why not each individual take "the whole fruit of his labor" without taxes? Why not just take "land . . . without buying it of anyone"? Absurd? Let's see what current history shows.

Object of Government Told

In our generation we have seen Communists seize control of governments by infiltration and force. Then, in the name of the proletariat, they take industry and "land . . . without buying it of anyone." In the name of government, they practice pillage for a class. They seize control and property through the kill-or-be-killed, subject-or-be-subjected practice of mere brute force. They promise abundance to a proletariat and give—to even this supposedly favored class—unequally shared scarcity.

But let us return for more of Lincoln's written soliloquy about the proper spheres of government activity. The test of civic logic is in this sentence:

"The legitimate object of government, is to do for a community of people what they need to have done, but cannot do, at all, or cannot, so well, for themselves—in their separate and individual capacities."

Then follows his test for confining government to its proper sphere and for ever-broadening individual initiative: "In all that the people can do individually as well for themselves, government ought not to interfere."

Lincoln gave words their full idea content. Note he did not say: "all that the people do individually as well for themselves. Whatever they can do for themselves is not a legitimate object of government."

Yet it is no mere play with words to observe that people, over not very long sweeps of experience, decide that they only can do what they do do. Unused functions may be lost in atrophy. Therefore, if people too long fail to do what was once within the "can do" of their own experience, the area of what they "cannot do" grows larger—and so does government.

What People Cannot Do

What are some of the things people "need to have done . . . but . . . cannot do . . . or so well do for themselves"? Lincoln answers his question with a general list: building of roads and bridges, providing for helpless young and afflicted, schools, military defense, policing against crime and violence, the courts, and machinery of government itself.

Would it not be Lincolnian logic to ask ourselves why governments have, since his day, grown so big and exercise so many functions formerly left to individual initiative? No doubt the charge of deliberate "creeping socialism" would seem a sufficient answer to many. But is it enough, if we are to preserve individual initiative as more than a mere slogan?

World wars, hot and cold, have done much to make national governments in all countries more pervasive. This is one area for man's most earnest study.

But let's look, also, at just one of many other dangers to individual initiative—governmental subsidy. And let us ask whether, when what was once a "people cannot do" function becomes a function "people can do, in their separate capacities," and yet is continued as a government activity, we are not deliberately debilitating individual initiative.

For example, industrial tariffs once were necessary to protect weak and infant industry in America against big and well-established European manufacturers. Now the situation is reversed: many tariffs have become sheer subsidies, or merely protect areas of industrial incompetence. We first pay higher prices because of outmoded tariffs—and then must provide economic relief to other nations who must be subsidized to be kept free from economic collapse and communism. Individual initiative is thereby proportionately stifled in both the giving and receiving nations.

Controls Follow Subsidy

But the chain reaction goes further. Agriculture is given subsidy by price control in part for the reason that farmers otherwise sell their products on a much lower basis than they pay for machinery and other tariff-protected products. So with transportation. And thus on and on—with governments growing larger and the "people can do" area subjected to shrinkage and atrophy. It constitutes a vicious cycle.

But the context of our times has changed. Some industrialists warn against continuance by this nation, the world's largest creditor, with the largest and most modern industrial plant, of no longer needed tariffs and their consequent endless chain of government subsidies. They know, too, that controls follow subsidy. They know that, all too often, individual initiative and competence is thus not merely unrewarded, but paralyzed.

All of this is only to say that individual initiative will thrive to the extent that people are courageously tough-fibered—people who stand on their own feet—people who do do whatever they can individually do for themselves—people who never forget that, if they seek government interference for their business, government interference, with and against their own business, will follow as effect on cause.

Genuine Equality

"I certainly wish that all men could be free," wrote President Lincoln to James C. Conkling as a message to "unconditional Union men" meeting in Illinois.

"As I would not be a slave, so I would not be a master," he also wrote in solemn soliloquy.

"In giving freedom to the slave, we assure freedom to the free," he told Congress on Dec. 1, 1862.

In still another fragment this civic logician wrote: "Most governments have been based, practically, on the denial of the equal rights of men . . . ours began by affirming those rights."

That great affirmation of the Declaration of Independence—"all men are created free and equal"—has been called "a self-evident lie." Yet neither logic nor Lincoln construes that statement to mean that all humans are equal in endowment, in progress, and in individual achievement. Such an assertion would, indeed, be untrue. How, then, are free men to be equal? Lincoln puts it this way:

"We proposed to give all a chance; and we expected the weak to grow stronger, the ignorant, wiser; and all better, and happier together."

Lincoln Explains Civil War

Again and again and again Lincoln said these things. He recorded for history, and told the world, through his first Message to Congress, why the Union fought. The Civil War was "a struggle for maintaining in the world, that form, and substance of government, whose leading object is, to elevate the condition of men—to lift artificial weights from all shoulders . . . to afford all, an unfettered start, and a fair chance, in the race of life. . . . This is the leading object of the government for whose existence we contest."

Such is the Golden Rule of both ethics and civics.

Communism first promised equality in possessions, in progress, and in achievement. Its end result is found to be fettered start and loss of all free chance—favoritism to members of the party, and still more discrimination in favor of those who happen to be on top at any given time in the struggle for ascendancy in brute force. Lincoln never swung to one extreme to oppose the other extreme. He urged us to "stand on middle ground." To "hold the ship level and steady."

In his Milwaukee address on agriculture, he warned against those who would "conclude that all laborers are necessarily either hired laborers or slaves . . . , that whoever is once a hired laborer, is fatally fixed in that condition for life; and thence, again, that his condition is as bad as, or worse, than, that of a slave. This is the 'mud-sill' theory."

That phrase comes from the description of the position of the lowest sill in a log cabin, permanently embedded in the mud, and forever fixed in that position by the upper levels of the building resting upon it and holding it down.

Strove for 'Great Republic'

To Lincoln, humanity was not, and could not be, comprised of creatures in materially fixed status of strata. Human experience to Lincoln was a race, and government should only assure to all men a fair chance, an unfettered start, in that race.

Well he knew that America had not fully or nearly attained that ideal! But he had an answer for the twittings of those, then and now, who call the "all men are created free and equal" truism a "glittering generalization." He called attention to the Savior's injunction:

"Be ye therefore perfect, even as your Father which is in heaven is perfect."

How many humans are as perfect as their "Father which is in heaven is perfect"? Yet, do we ridicule high purpose because not yet attained? he asked in effect. No, as individuals strive to attain perfection in their lives, so must peoples, through their governments, honestly strive to assure the equality of opportunity which they state as a purpose of government.

Lincoln fought for a government neither Utopian nor tyrannically fixing individual man in debased or unfavored status. He strove for "the great republic" whose purpose was to enable man to achieve his "vast future."

Here was a man of lively sympathy for the cause of equality and justice wherever it appeared, and in whatever form. As the late Dr. James G. Randall put it, Lincoln ever fused the cause of nationalism with that of freedom.

What Lincoln Said

EXTENSION OF REMARKS

OF

HON. JOHN W. McCORMACK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, February 16, 1959

Mr. McCORMACK. Mr. Speaker, under permission to extend my remarks, I include an editorial appearing in the Washington Post of February 13, 1959, entitled "What Lincoln Said." It is a well-known fact, historically, that the problems of one generation vary from those of a preceding generation. The editorial of the Washington Post clearly recognizes this fact in connection with a statement recently made by President Eisenhower, where he went back nearly 100 years in making a quotation from a speech made by the late Abraham Lincoln while he was a Member of Congress. One could just as well make the argument that we should not today enter into any military pacts or agreements with any other nation because of what George Washington said in his Farewell Address relating to no "entangling alliances." To me, the answer to such a statement would clearly be that the problems of America in the world of today are entirely different than they were during the infant days of our Government, or 100 years ago.

Everyone with common sense wants a balanced budget but there are few persons in Washington, and objective minds throughout the country, who are not aware of the fact that the President's budget is not a balanced one. If the President really wanted to balance his budget, he would have recommended that new taxes be imposed. I have stated publicly that leadership on his part in the world of today would have called for more taxes in order to assure us greater national defense. The people of our country would willingly make the sacrifices of paying more taxes if they knew that the additional revenue was to be used for the security of our country through stronger military preparations. The responsibility of recommending such increased taxes for greater military strength rests with the President. For the Congress to increase taxes to make larger appropriations for military purposes might result in, first, taxes being imposed, and the additional revenue collected; and, second, greater appropriations being made for defense, and the President freezing the same. If recommendation came from the President for more taxes for stronger national defense, the Members of Congress, and the people, would know if new taxes are imposed, that the additional revenue would be used for the national interest in the defense of our country.

In any event, the editorial appearing in the Washington Post of February 13 shows that President Eisenhower's reference to President Lincoln has no application to the conditions of today:

WHAT LINCOLN SAID

President Eisenhower did little honor to Abraham Lincoln in attempting to suggest

that he would have supported the present Administration's retrenchment on Federal spending. It is, of course, a pretty thin tactic to begin with—to go back 111 years when Lincoln was a Member of Congress for even a general judgment on how present-day Federal finances should be managed. But if such guidance is to be sought from Lincoln, he ought to be read whole.

Lincoln did say, in the quotation attributed to him by Mr. Eisenhower, "The tendency to undue expansion is unquestionably the chief difficulty." But just before addressing those words to the House of Representatives on June 20, 1848, Lincoln said, "Determine that the thing can and shall be done, and then we shall find the way." His speech was in reply to President Polk's veto of an internal improvements bill. Throughout this speech Lincoln espoused the responsibility of the Federal Government to undertake the kind of "local" improvements which Mr. Eisenhower so often speaks of as being the primary responsibility of the localities involved.

We are not certain where Lincoln would stand in the present budget debate; but we suspect that if Mr. Eisenhower had been a party to the debates of the 1840's on the proper role of the Federal Government, he would have been arrayed against Lincoln.

Abraham Lincoln

Editor Of The Journal Herald:

Abraham Lincoln, the greatest Republican of the ages, America's martyred emancipator, was assassinated through the machinations of a group of foreign money-trusters who feared the President's national credit ambitions . . .

An exhaustive study of unexpurgated copies of the evidence given by secret service agents at the trial of Booth's confederates discloses that the only group that could benefit by Lincoln's death and who had the money to carry out such a plan was this group of foreign bankers.

The South, it is known, respected Lincoln and looked upon him as the only man who could secure them justice in defeat. If they wished to kill him they had splendid opportunities and could have secured a thousand who would have done the job.

Lincoln was wont to describe the men who opposed his greenback current policy as the "secret foe of the nation" and the battle between Lincoln and these foreign money men was well-known.

In 1864 Lincoln was re-elected on a platform that contained a plank declaring for national currency. With Lincoln out of the way they proceeded with their gold standard plan and within eight years after Lincoln's death silver, on which Lincoln backed up his greenbacks, was demonetized and the gold standard money system again set up in the USA.

It is known that during the Civil War, Lincoln and his Secretary of the treasury applied to these foreign money changers for loans to carry on the war to save the union. These foreign bankers declared, "Well, war is a risky and hazardous business but we can let you have the money from 36 to 50 per cent interest" . . . Lincoln and his secretary refused, stating that the terms were outrageously unpatriotic. To this the money men replied, "We are not interested in flags or patriotism. If the federal government doesn't want the money at that figure then we will loan it to the Southern Confederacy" — which they did.

This was the reason why Lincoln issued greenbacks entirely free of the maneuverings of these foreign bankers. With the greenbacks he was able to pay the soldiers, finance the way into victory for the Union and thereby incurring the enmity of the foreign money-changers and they immediately plotted his kidnapping or death . . .

ANDREW BOID
Springfield

✧ ✧ ✧

Editor Of The Journal Herald:

. . . Abraham Lincoln knew the true meaning of freedom. His

Letters to the editor are welcomed. Only letters with signatures and addresses will be considered. We reserve the right to cut long letters.

words have much to say to us today.

Lincoln believed in the dignity of man, and in the requirement that individual responsibility must accompany individual rights. Lincoln believed in the rights of the separate states, and in a strictly limited federal government. He believed in our Constitution, in a government of law, not of men.

Lincoln knew that liberty could never be won and maintained by men alone. He acknowledged Divine power in all his classic words of guidance. One example is a phrase of the Gettysburg Address: ". . . that this nation, under God, shall have a new birth of freedom." Today we deny or reject God, and we are losing our freedom.

Today Lincoln would be ashamed to see how God is being denied the right of prayer in our schools. Today Lincoln would be perplexed how so many citizens are being misled to betray the good cause of integration by substituting civil disobedience and revolutionary integration. The means and methods are often more important than a worthy goal . . .

We need to ponder Lincoln's words: "The maintenance inviolate of the rights of the states, and especially the right of each state to order and control its own domestic institutions according to its own judgment exclusively, is essential to that balance of power on which the perfection and endurance of our political fabric depends; and we denounce the lawless invasion by armed force of the soil of any state or territory, no matter under what pretext, as among the gravest of crimes."

R. B. THORPE
Miamisburg

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Checks and Balance Sheets of a City's History

Inventory Project Of Riggs Archive Underway in D.C.

By [Michael E. Ruane](#)
Washington Post Staff Writer
Tuesday, June 20, 2006; Page A01

On Aug. 28, 1861, a month after the Union Army's disastrous defeat at the first Battle of Bull Run, President Abraham Lincoln sat down and wrote out a Riggs Bank check for \$3 to "Mr. Johns (a sick man)."

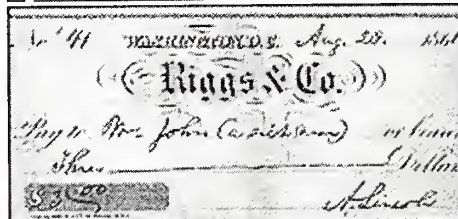
It is not known who Johns was, where Lincoln encountered him or what prompted the beleaguered president to pause amid the opening weeks of the Civil War to give him a donation.

It is but a tantalizing shard of local history, one of the thousands that reside not in the National Archives or Library of Congress but behind the thick steel door of a 40-year-old basement bank vault in downtown Washington, where the question has become: What to do with them?

The Lincoln check is among a trove of documents gathered over the decades by Washington's venerable and now-defunct Riggs Bank -- which, along with its antecedents, had customers ranging from Davy Crockett to President George H.W. Bush.

The collection includes letters, notes and checks written by, among others, George

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Checks such as this one from Abraham Lincoln are among documents written by presidents and other historic figures in the Riggs Bank archive. (Pnc Bank)

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Now, Pittsburgh-based PNC Bank, which took over Riggs on May 13, 2005, is in the midst of a project to gather and inventory the artifacts, which include shelves of crumbling ledgers that go back a century and a half.

John Tydings, director of the PNC-Riggs Bank archives project, said last week that PNC has never acquired such a collection. PNC "recognized the need to address this in a much more sensitive way because of the connection of these records to the history of this country, as well as the history of the bank and the history of the city," he said.

The bank hired historian Mary Beth Corrigan, former curator of research collections at the Washington Historical Society, who had worked with the Riggs archive, to comb through the holdings and assess what was there.

Tydings, the retired head of the Greater Washington Board of Trade, said PNC is trying to decide whether to donate, display or store what it has inherited from its historic predecessor. He said it was too early in the process to know exactly what to do with any of it or what the best options for donating some of the material might be.

Riggs traced its founding to 1836 and had a long history of close relations with the federal government, Corrigan said last week. The bank helped finance the Mexican War, the construction of the Capitol dome and the purchase from Russia of Alaska -- for \$7 million in gold bullion, she said.

Lincoln, among 23 U.S. presidents who were Riggs customers, opened an account shortly after his inauguration in 1861, and Jefferson Davis, president of the Confederacy, closed his, she said.

Theodore Roosevelt's signature card is on file, stating that the president's account was opened Sept. 27, 1901, the year he was inaugurated. Address: "Executive Mansion."

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Bloomberg

How an Act of Congress Killed Off the U.S. Gold Market

By Kenneth D. Ackerman - Aug 2, 2012

When President Abraham Lincoln acted in December 1861 to suspend the national gold standard -- the legal right to convert paper money into gold coin or "specie" -- he wasn't trying to start a fight with financial speculators in New York.

Lincoln had a bigger headache at that moment: trying to finance his rapidly growing Union Army in its fight against the South.

Within three years, though, Lincoln's decision would bring a defining moment that would shape the federal government's relationship with Wall Street. It came in June 1864 when Congress passed the Gold Act -- the single time in U.S. history that Congress used its power to directly close a major financial market in the middle of active trading. It was such a failure that Congress never tried again.

The Gold Act was Washington's response to a case of extreme profiteering during one of the bloodiest periods of the Civil War. After Lincoln had suspended the gold standard in 1861, he immediately asked Congress to float about \$450 million in paper currency for the government to pay its bills. These steps created a temporary dual-currency system: paper "greenbacks" as legal tender for domestic debts, and gold coin as the currency of the world, needed for foreign trade, tariffs and custom duties.

Confederate Victories

Without government backing, the value of paper floated freely against gold. Within a few weeks, there was a brisk market on Wall Street for trading between gold and dollars. Each Confederate military victory sent gold prices soaring.

Speculators, stock traders, rebel and Union sympathizers, and government officials soon dominated the market, far outnumbering the bankers, exporters, importers and other commercial gold users. Daily price fluctuations affected the national war effort because rising gold prices directly eroded the value of the federal Treasury.

A Philadelphia banker, Jay Cooke, called the New York gold traders "General Lee's left flank." The

New York Stock Exchange agreed; it considered gold trading disloyal and refused to allow it under its roof. This forced gold speculators to form a separate Gold Exchange on nearby William Street.

Gold prices spiked in June 1864 to \$200 in paper -- a 50 percent devaluation of the nation's paper currency. That spring marked the culmination of General Ulysses Grant's "Wilderness campaign," a particularly bloody set of encounters as the Army of the Potomac pursued Confederate General Robert E. Lee across Virginia toward the Confederate capital of Richmond. Casualties on both sides were enormous, about 40,000 killed and wounded for the Union and another 70,000 for the Confederacy.

Gold prices peaked just as Grant's army reached Petersburg, Virginia, to begin a desperate seven-month siege. The spectacle of New York financiers profiting from this carnage particularly outraged the public, and Congress decided it had to act.

The result was the Gold Act, passed with little debate on June 17, 1864. It was designed to close the Gold Exchange immediately and thereby end the speculative bubble in prices. To the surprise of senators and Treasury officials, however, it did nothing of the kind.

In fact, closing the Gold Exchange only made matters worse, by encouraging hoarders and fueling a panic. Kinahan Cornwallis, a British-born writer working in New York during the war as a reporter for the New York Herald, described how "the real holders of gold were thus isolated,... and purchasers had to run from office to office, inquiring the price at which holders were willing to sell ... The whole country was alarmed by the rocket-like ascent of the [gold] premium, including Congress, amazed and rebuked by the advance." Finally, he wrote, "Leading merchants and bankers, who had urged upon Congress this prohibitory legislation, now wrote and telegraphed to Washington, imploring the repeal of the Gold bill."

Price Spikes

Gold prices would touch almost \$300 before Congress would finally reverse course, repeal the Gold Act, and reopen the Exchange on July 2 -- barely two weeks after the law was passed. Even after the Gold Room reopened, chaos continued with further corners and price spikes. Only the capture of Atlanta by General William T. Sherman in August 1864 finally broke the bull market in gold. By the time Lee surrendered to Grant at Appomattox Courthouse on April 9, 1865, the gold price was \$144, less than half its wartime high.

In the 148 years since the Gold Act, Congress has developed extensive systems to regulate Wall Street --including the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Federal Reserve, and the latest additions under the Dodd-Frank law, the Consumer Financial Protection Bureau and Financial Stability Oversight Council -- but never again has it shut an actively

trading market. Closing a market can turn excitement into fear and transform a bubble into a panic.

The Gold Act episode taught a simple lesson. In a crisis, politicians and financial regulators should follow the same rule as physicians: First, do no harm.

(Kenneth D. Ackerman is the author of four books, including the recently published *The New York Gold Room: Wall Street's Big Gamble on the Civil War*, a new release of Kinahan Cornwallis's original account of the 1864 Gold Act episode. The opinions expressed are his own.)

Read more from Echoes [online](#).

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Ohio Bankers Told of Lincoln Views of National Debt

COLUMBUS, O. (AP) — The President of Bethany College told Ohio bankers yesterday that with a "national debt of 285 billion dollars, more than \$1,600 for each man, woman and child in the 50 states, it is time for us to remember the wisdom" of Abraham Lincoln.

Dr. Perry Epler Gresham, the head of West Virginia's oldest degree-granting institution, spoke at a statewide meeting of the Ohio Bankers Association.

He recalled that when Lincoln was at the height of his career, the President said: "As an individual who undertakes to live by borrowing soon finds his original means devoured by interest, and next, no one left to borrow from, so must it be with government."

Gresham added:

"Our nation has grown soft and lazy. For many, work is no longer a virtue. People strive to get more and more money for less and less work."

The bankers, at their annual mid-winter convention, also heard Carl A. Bimson, vice president of the American Bankers Association, and president of the Valley National Bank of Phoenix, Ariz. Bimson said "businessmen must work directly in the field of politics, but as citizens rather than as spokesmen for just one segment of the economy."

What are the "Greenbacks"?

In These Modern Days When There Is Talk of "Devaluation," the History of Our Currency In Earlier Times Becomes of Interest—How the "Greenbacks" Originated

PROBABLY every man and woman, and even every child of more than grade school age, has heard of the "greenbacks;" and most people have a hazy idea that they are in some way connected with the money in circulation. But knowledge as to when and why they were issued; what has become of them; why they are called "greenbacks;" their present place in our financial system, and what the so-called "Greenback" Party stood for, is confined to a comparative few.

Briefly the greenbacks are demand notes of the United States Treasury Department, a non-interest bearing debt, issued in denominations as low as one dollar, and to the extent now authorized form a part of our circulating medium.

If you have money in your pocket it is entirely possible that one of the bills is one of these demand notes of the United States Treasury Department. In any event it may be interesting and instructive to examine your bills and see just how many different kinds of money you are carrying around. The name came from the color of ink used in imprinting the back or reverse side of the bills. The name is now somewhat of a misnomer, as all of our currency is imprinted with green ink on the reverse side.

The greenbacks came into existence during the trying times of the Civil War. Treasury Notes for use as currency had not theretofore been issued since Revolutionary days, and the memory of that disastrous experience had lingered through many generations. However, desperate situations require desperate remedies, and the task of supplying the government's financial needs in carrying on the war led Secretary of the Treasury Salmon P. Chase to recommend,

By ROBERT L. ARCHER

and Congress in July, 1861, to authorize the issue of sixty million dollars in demand notes without interest in denominations as low as five dollars. This first issue of demand notes was not by law made a legal tender for public and private debts.

In 1862, still further harassed by the difficulty of meeting the financial demands of the government, Secretary Chase recommended a further issue of demand Treasury Notes. As the previous issue was not a legal tender and was not being paid in coin on demand, the government found difficulty in forcing them into circulation. The Secretary therefore, under the plea of necessity, reluctantly urged Congress to make the new issue a legal tender for the payment of all debts, public and private, except customs duties and interest on the public debt. Congress, therefore, in February, 1862, passed the Legal Tender Act providing for the issuance of \$150,000,000 of United States Notes, out of which it was provided that the sixty millions issued under the Act of 1861 should be redeemed. This act further provided that when the Legal Tenders were received by the Treasury Department they might be re-issued.

By later acts the whole amount of Legal Tender Notes authorized was increased to \$450,000,000. At that time the proposition was regarded as a temporary expedient of doubtful constitutionality, and no one expected the Legal Tenders, or greenbacks as they began to be called, would become a permanent part of our circulating medium. The legislation was the subject of spirited debate in Congress as indicated by

the following quotations from congressional leaders:

Senator Sumner of Massachusetts: "Surely we must all be against paper money, we must all insist upon maintaining the integrity of the government; and we must all set our faces against any proposition like the present, except as a temporary expedient, rendered imperative by the exigency of the hour."

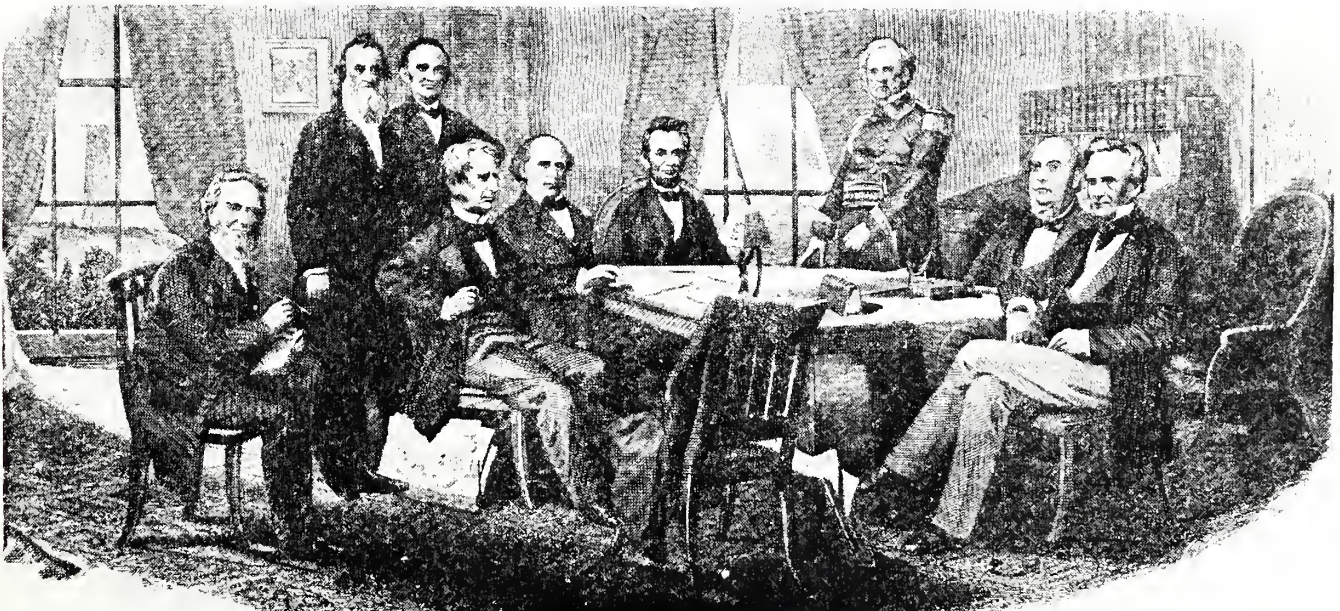
Senator Sherman of Ohio: "I am constrained to assume the power, and refer our authority to exercise it to the courts. I have shown * * * that we must no longer hesitate as to the necessity of this measure. That necessity does exist, and now presses upon us."

Representative Morrill of Vermont: "I would as soon provide Chinese wooden guns for the army as paper money alone for the army. It will be a breach of public faith. It will injure creditors; it will increase prices; it will increase many fold the cost of the war."

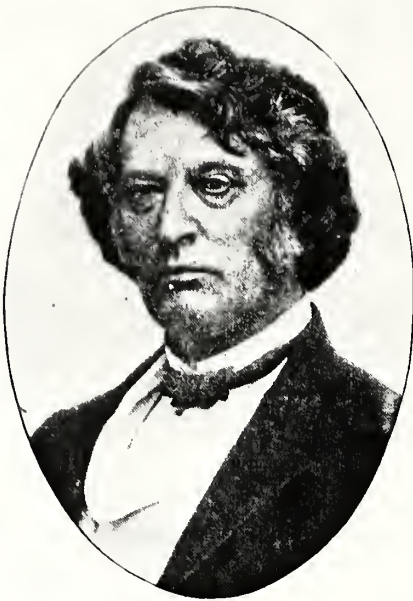
IT SEEMS certain that Secretary Chase himself had grave doubts as to the constitutionality of the Legal Tender Act. In fact, a few years later as Chief Justice of the Supreme Court, he pronounced unconstitutional the Legal Tender Notes he had issued as Secretary of the Treasury. This decision of the Supreme Court was, however, reversed a short time later on a rehearing of the matter.

Early in the war the Treasury Department and the banks had been forced to suspend specie (gold and silver) payments, so that the country was on a paper money basis.

The highest amount of Legal Tender Notes outstanding was \$449,000,000 on



President Lincoln and His Cabinet With General Scott—Secretary of the Treasury Chase Is Seated at the Left of the President



Senator Sumner of Massachusetts

June 30, 1864. During the darkest days of the war their gold value sank as low as thirty-nine cents to the dollar.

WITH the close of the war and the gradual return of normal conditions in the Treasury Department consideration was given by the then Secretary (McCulloch) to the resumption of specie payments and the retirement of the Legal Tender Notes. The Secretary urged the extra-constitutional use of power in issuing them; the breach of faith in failure to redeem; and the evil effects involved in the inflated currency, as reasons for the repeal of the Legal Tender Acts. In fact the Secretary actually began the retirement of the greenbacks out of surplus revenues. Congress approved his action, but limited the retirement to \$4,000,000 monthly. By 1867 the amount outstanding had been reduced to \$356,000,000, and their gold value had increased to seventy-three cents on the dollar. However, there had now developed a substantial sentiment opposed to further retirement, and in February, 1868, Congress passed an act suspending further retire-



Peter Cooper

ment. In fact, some of the leaders in Congress believed it proper to reduce the bonded debt by paying the same with further issues of greenbacks.

With the election of Grant the movement for further inflation was checked, and Secretary McCulloch again urged the need of bringing the currency to a coin basis. By 1870 the Legal Tenders were treated as permanent part of the circulation, and little further thought given to their retirement.

Grant was re-elected in 1872, and in 1875 Congress passed an act providing for the redemption of greenbacks in coin after January 1, 1879.

IN THE campaign of 1876 both Republican and Democratic parties favored resumption of specie payments. This same year saw the organization of the Greenback Party and the nomination of Peter Cooper for the Presidency. It demanded repeal of the resumption act, and called for the issue of Legal Tender Notes to be exchanged for bonds.

Gen. Rutherford B. Hayes was the successful candidate of the Republican Party, and firmly supported resumption. He appointed John Sherman as Secretary of the Treasury. In December, 1877, Secretary Sherman reported that the gold value of the Legal Tenders had increased to 97 $\frac{3}{8}$ cents to the dollar, and that the outstanding amount had been reduced to \$351,000,000. In April, 1878, Congress passed a bill to suspend the cancellation of redeemed Legal Tender Notes, and authorized their re-issue when received by the Treasury Department.

Specie payments were resumed January 1, 1879, and the Legal Tender Notes or greenbacks to the amount of \$346,000,000 dollars have remained a permanent part of our circulating medium. Since the resumption of specie payments in 1879 and down to this year they have been "as good as gold," although this parity with gold has at times been maintained with difficulty and great expense; notably so in the early nineties when President Cleveland found it necessary to issue \$262,000,000 in bonds to maintain the so-called gold reserve against Legal Tender Notes. The issue in the first instance of the Legal Tender Notes was generally regarded as an extra-constitutional use of power borne of the exigencies of war. The resulting inflation of the currency inducing higher costs of goods and services has been estimated to have added \$600,000,000 to the cost of the war. This coupled with the cost of maintaining their parity with gold by bond issues and otherwise makes this "non-interest bearing public debt" appear to be a rather expensive proposition.

Leaders of both political parties have in times past demanded their retirement, but the advocates of "more money" and higher prices have prevented such a consummation.

Today the country is "off the gold standard" and none of our circulating medium is "as good as gold." Again extra-constitutional power has been invoked to meet an emergency. Among other powers, the President is authorized to issue more than three billion dollars of greenbacks. He may also reduce the statutory content of the gold dollar as much as fifty per cent. Will he exercise either or both of these powers, and what will be the result?



Senator Sherman of Ohio

The country's stock of gold, estimated at more than four billion dollars, is in the hands of the Federal Reserve Banks and the Treasury Department. If the gold content of the dollar should be reduced, who will profit by it, and what effect will it have on the purchasing power of the dollar in your pocket or in the pay envelope? What will be the effect on fixed income from interest, salaries, wages and dividends? Also what will be the effect on the value, expressed in dollars, of real estate, stocks, merchandise, commodities, etc.? Will our future condition be better or worse than at present; and when will the country be back on the gold standard? Then, too, what will be the effect on the silver dollar and the price of silver?

Devaluation of the gold dollar has many ramifications. Some of the effects of devaluation have already resulted because we no longer have a dollar "as good as gold." We are apparently on our way to devaluation but the full effect is still a matter of conjecture. There are as many prophecies on the probable results as there are schools of political thought.



Secretary of the Treasury McCulloch

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